

**State Employee Benefits Advisory Council Meeting**  
**January 16, 2014**  
**Statewide Benefits Office**  
**Dover, Delaware**

The State Employee Benefits Advisory Council met on January 16, 2014 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Faith Rentz, OMB, SW Benefits,  
Deputy Director  
Pat Griffin, SEBAC Chair  
Marsha Carson, SEBAC, DOS

Mary Cooke, SEBAC, DOE  
David Leiter, DHSS  
Paula Roy, Roy Assoc.  
Dawn Davis, SW Benefits

Ms. Griffin called the meeting to order at 3:10 p.m.

**Approval of Minutes – (handout)**

Ms. Griffin asked for a motion for approval of the January 2, 2014 minutes. Ms. Cooke made the motion and Ms. Carson seconded the motion. Upon unanimous voice vote the minutes were approved.

**Update of SEBC Activities**

Ms. Rentz summarized the January 6 SEBC meeting and commented that it was consistent with the SEBAC meeting. The Director's report touched on the Flexible Spending Account (FSA) statistics, DOMA refunds of imputed income, DelaWELL Early Bird incentive payment and upcoming survey, formulary changes from preferred to non-preferred and Request for Proposals for the Short Term Disability (STD) and FSA plans. Much time was spent discussing the Fund Equity Reports and the Committee was told that Statewide Benefits and Segal were working to provide more details on the estimates and timing of refunds and will have that available for discussion at the January 24, 2014 SEBC meeting.

In regards to the disability Request for Proposal (RFP), the Prudential/Sedgwick and incumbent, Hartford, were interviewed on January 9, 2014. Both provided their best and final pricing offers. The Proposal Review Committee will meet on Thursday, January 30 to score the vendors and the award recommendation will be brought before the SEBC in early February.

Express Scripts mailed out letters to approximately 2,600 Medicare eligible Pensioners regarding formulary changes that did not apply to them. It was determined not to send out another letter to this population. The Pension Office is taking most of these calls and has a list of those affected. Ms. Rentz reminded SEBAC that the State Pensioners are on an enhanced version of Medicare Part D. Express Scripts missed loading the enhanced benefits in early January, which led to some confusion for a small number of Pensioners. Enhancements were quickly loaded and all claims were reprocessed.

Ms. Rentz proceeded to review the agenda items for the upcoming January 24, 2014 SEBC meeting. Copies of the December Fund Equity report were distributed for reference. It was noted that the December fund balance has increased from the balance in November. The FY13 Medicare Retiree Drug Subsidy funds in the amount of \$6.5M were transferred out of the fund and into the OPEB Trust. In addition, there are outstanding Med D/EGWP payments owed to the fund in the amount of \$13.8M.

Ms. Rentz mentioned that once again there have been five weeks of claim payments in December as in July and October. It was also discussed that with the implementation of the Medicare Part D Prescription drug program in January 2014, that the health fund reduced medical and prescription premiums for Medicare retirees as required to offset the projected rebates, subsidies and reinsurance funds that are associated with the program. Unfortunately, there are varying lag times in when these monies are processed and received by the fund. Segal will provide more details on the estimates and timing of when the outstanding Medicare Part D Prescription Drug plan (Med D/EGWP) payments would be returned to the health fund at the January 24, 2014 SEBC meeting.

Ms. Rentz explained that Segal performed a worksite universal life insurance market survey to gather data on industry practices. The survey did not disclose the State's name or any information that might lead a carrier to conclude that the survey was for the State of Delaware. Segal contacted nine companies, three of which were immediately not considered because they do not service large employers. Ms. Cooke commented that most companies have an "actively at work" clause. Ms. Rentz concurred that the ability for pensioners and former employees to port 50% of their life insurance is a very unique option.

Another piece, not included in the survey by Segal, was done in response to a request made by Justice Berger in which she asked for a better understanding of the types and amounts of life insurance programs sponsored by other states. The Statewide Benefits Office gathered information from thirty other states. It was concluded that there are many options available that can be explored and discussed. Ms. Rentz stated that there is a need to go to market and that the SEBC would encourage bids for a new contract effective date of July 1, 2015.

The last item that will be brought before the Committee will be cost savings options for prescription drugs; no action is required at this time. Renegotiation of the Express Scripts contract is underway; the package will be provided to Statewide Benefits this week.

The first cost savings option already discussed and approved by the Committee are the formulary changes effective July 1, 2014.

The second cost savings would include a Compound Medication Coverage Review for compound prescriptions. There has been a large increase in costs in FY2013 (\$300,000 in FY2012 vs. \$1.0M in FY2013). In addition, there are five compound ingredients not controlled by the Federal Drug Administration (FDA) which leads to safety concerns. A Coverage Review would require prescribing physicians to authorize and justify that specific compound ingredients are necessary or subscribe FDA approved alternative. Ms. Rentz explained that raising the co-pay for compound medications would not result in a significant savings nor address the safety issue.

The third cost savings option would include an Advanced Utilization Management (Coverage Review) service. Current examples of Coverage Review include Step Therapy (ST), Quantity Management/Limits (QM) and Prior Authorizations (PA) and require SEBC to approve Express Scripts recommendations of certain medications most appropriate and most cost effective therapy on an individual or case by case basis. Effective for FY2015, Express Scripts offers a bundled package that would allow Express Scripts as the drug experts to include groups of medications subject to ST, QM and PA the ability for automatic updates as new medications enter the market; appropriate rules will automatically assign. There would be

no impact to current users who would be grandfathered and SEBC would no longer need to approve individual recommendations for medications in certain drug classes.

**SEBAC Comments to SEBC**

As there are no items on the January 24, 2014 SEBC agenda which will require a vote, SEBAC has no specific comments.

**Public Comment**

None.

Ms. Rentz asked for a motion to adjourn. Ms. Griffin made the motion and Ms. Carson seconded the motion. Upon a unanimous verbal approval, the meeting adjourned at 4:37 p.m.

Respectfully submitted,

Dawn M. Davis  
Secretary  
Statewide Benefits, OMB